



**EDUCATION and WORKFORCE DEVELOPMENT CABINET
DEPARTMENT OF WORKFORCE INVESTMENT
OFFICE OF EMPLOYMENT AND TRAINING**

Steven L. Beshear
Governor

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Joseph U. Meyer
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KEIN:

Dear Employer,

Last year Governor Beshear signed into law a number of changes which dealt with the unemployment insurance program. The legislation was the result of efforts by a bi-partisan task force that included members of the Kentucky General Assembly, as well as the employer and labor communities. This letter is to notify you of the changes which will be effective Jan. 1, 2012.

- 1) The taxable wage base (the amount on which quarterly unemployment taxes are calculated) will increase from \$8,000 to \$9,000. That means employers will pay taxes on the first \$9,000 an employee earns.
- 2) The time employers will have to protest unemployment claims will increase from 10 to 15 days.
- 3) A "waiting week" will be imposed on any new initial unemployment claims filed on or after Jan. 1, 2012. Individuals filing an initial claim for benefits will have to serve the waiting week, which means they will not receive their weekly benefit amount for the first compensable week of their claim. Claimant may still receive up to 26 weeks of unemployment benefits.
- 4) The wage replacement rate for a claimants weekly benefit amount will decrease from 68% to 62%. In other words, weekly unemployment benefits which had been replacing up to 68% of a claimant's average weekly wage will only replace up to 62% of the average week wage. This was the same percentage (62%) which was in effect prior to 2001.

Also, as a result of Kentucky's Unemployment Insurance Trust Fund becoming insolvent in 2009 and having outstanding loans from the federal government to pay benefits for two consecutive years, employers will incur a .3% reduction in the amount of credit they can take against their Federal Annual Unemployment Tax (credit will decrease from 5.4% to 5.1%).

This information is also available on our website at <http://www.oet.ky.gov> . If you have any questions, please contact our Technical Services Branch at (502) 564-5057.